

Interstate Commerce Commission RECORDATION NO. 9798  
Washington, D. C. FIVE 1426

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INTERSTATE COMMERCE COMMISSION

Gentlemen:

Enclosed for recordation under the provisions of Section 20c of the Interstate Commerce Act, as amended, are the original and 29 counterparts of a Security Agreement and Indenture of Trust dated as of July 1, 1978.

A general description of the railroad rolling stock covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: Trust Company for USL, Inc.,  
as Trustee under U. C.  
Trust No. 16  
1211 West 22nd Street  
Oak Brook, Illinois 60521

Secured Party: Wells Fargo Bank, National  
Association  
475 Sansome Street  
San Francisco, California 94111  
Attention: Corporate Trust  
Department

The undersigned is the Secured Party mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and 27 copies of the Security Agreement and Indenture of Trust to Ronald E. Roden, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as security  
trustee

By

Its

SECURED PARTY AS AFORESAID

8.299A012  
OCT 26 1978

Date  
Fee \$ 50

ICC Washington, D. C.

Enclosures

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Numbers (both inclusive)</u>	<u>Estimated Time of Delivery</u>
177	100-ton Railroad Covered Hopper Cars	RAIX 57220 through RAIX 57396;	October, 1978 January, 1979
243	100-ton Railroad Tank Cars	RAIX 2359 through RAIX 2369;  RAIX 2540 through RAIX 2575;  RAIX 2701 through RAIX 2717;  RAIX 3001 through RAIX 3009;  RAIX 3401 through RAIX 3456;  RAIX 6577 through RAIX 6650;  RAIX 8025 through RAIX 8059;  RAIX 9149 through RAIX 9153.	December, 1978 June, 1979

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RECORDATION NO. 9798  
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INTERSTATE COMMERCE COMMISSION

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9798-A

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SECURITY AGREEMENT AND INDENTURE OF TRUST

Dated as of July 1, 1978

FROM

TRUST COMPANY FOR USL, INC.

As Trustee under  
U. C. Trust No. 16

Debtor

TO

WELLS FARGO BANK, NATIONAL ASSOCIATION

As Security Trustee

Secured Party

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ATTACHMENTS TO SECURITY AGREEMENT AND INDENTURE OF TRUST:

Schedule A - Description of Equipment

Exhibit 1 - Form of 9% Secured Note

## SECURITY AGREEMENT AND INDENTURE OF TRUST

(U. C. Trust No. 16)

THIS SECURITY AGREEMENT AND INDENTURE OF TRUST, dated as of July 1, 1978 (the "Security Agreement"), from TRUST COMPANY FOR USL, INC., not in its individual capacity but solely as Trustee under the Trust Agreement referred to in Section 1 hereof (the "Debtor"), whose Post Office address is 1211 West 22nd Street, Oak Brook, Illinois 60521, to WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "Secured Party"), whose principal office is at 475 Sansome Street, San Francisco, California 94111.

### R E C I T A L S:

A. The defined terms used in this Security Agreement shall have the respective meanings indicated in Section 1 hereof unless elsewhere defined or the context shall otherwise require.

B. The Debtor has entered into a Participation Agreement dated as of July 1, 1978 (the "Participation Agreement") with Union Carbide Corporation (the "Lessee"), Chemical Bank (the "Trustor"), Wells Fargo Bank, National Association, as interim lender, the Secured Party and the Note Purchasers named in Schedule 1 to the Participation Agreement (the "Purchasers") providing for the several commitments of the Purchasers to purchase from time to time on or before December 31, 1979 the 9% Secured Notes (the "Notes") of the Debtor, not exceeding an aggregate principal amount of \$15,000,000. The Notes are to be dated the date of issue, to bear interest at the rate of 9% per annum prior to maturity, payable semiannually on the eighteenth day of January and July in each year, and to be otherwise substantially in the form (with appropriate insertions) attached as Exhibit 1 hereto. The Notes are issuable in three series as follows:

(1) the Series 1 Notes (the "Series 1 Notes") are to be issued on the first Closing Date under the Participation Agreement in a principal amount equal to 64.22298% of the Total Cost of the Items of Equipment then being financed, are to be expressed to mature in 49 installments of principal in the respective amounts set forth with respect to the Series 1 Notes in the Annex to Exhibit 1 hereto, payable on July 18, 1979 and on the eighteenth day of each January and July thereafter, to and including July 18, 2003;

(2) the Series 2 Notes (the "Series 2 Notes") are to be issued on the second Closing Date under the Participation Agreement in a principal amount

equal to 65.40779% of the Total Cost of the Items of Equipment then being financed, are to be expressed to mature in 49 installments of principal in the respective amounts set forth with respect to the Series 2 Notes in the Annex to Exhibit 1 hereto, payable on July 18, 1980 and on the eighteenth day of each January and July thereafter to and including July 18, 2004; and

(3) the Series 3 Notes (the "Series 3 Notes") are to be issued on the third Closing Date under the Participation Agreement in a principal amount equal to 64.22298% of the Total Cost of the Items of Equipment then being financed, are to be expressed to mature in 49 installments of principal in the respective amounts set forth with respect to the Series 3 Notes in the Annex to Exhibit 1 hereto, payable on July 18, 1980 and on the eighteenth day of each January and July thereafter, to and including July 18, 2004.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the cost to the Debtor of certain railroad equipment to be leased to the Lessee under the Lease referred to in Section 1 hereof.

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument to secure the Indebtedness Hereby Secured have been done and performed. It is the intention of the parties hereto that this Security Agreement shall constitute a mortgage of the Railroad Equipment and assignment of the Lease with respect to the Railroad Equipment for purposes of Section 20c of the Interstate Commerce Act.

NOW, THEREFORE, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the equal and pro rata payment of the principal of and interest and premium, if any, upon the Notes according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all the covenants contained in the Notes, this Security Agreement and the Participation Agreement, the Debtor does hereby sell, convey, warrant, mortgage, assign, pledge and grant a security interest in, and hypothecate unto the Secured Party, its successors in trust and assigns, forever, all and singular the following described properties, rights, interests and privileges (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"), it being understood and agreed that nothing in this Security Agreement is intended or shall be construed as selling, conveying, warranting, mortgaging,



assigning, pledging or granting a security interest in any and all payments due and to become due to the Trustor for its own account pursuant to Section 10.2 or 11 of the Participation Agreement:

#### DIVISION A

The Equipment described in Schedule A attached hereto and made a part hereof constituting a part of the railroad equipment leased or to be leased under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals, or replacements of, and additions, improvements, accessions and accumulations to any and all of said Equipment (other than additions, modifications and improvements which are owned by the Lessee under the terms of Section 8 of the Lease) together with all the rents, issues, income, profits and avails therefrom, subject, however, to Permitted Encumbrances.

#### DIVISION B

All right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation, but subject always to Excepted Rights in Collateral:

(i) the immediate and continuing right to receive and collect all Basic Rent (excepting and reserving, however, all Interim Rent), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the lessor under the Lease pursuant thereto,

(ii) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications (provided that so long as no Event of Default hereunder shall have occurred and be continuing the Secured Party shall not exercise such right without the prior or concurrent written approval of the Debtor), and

(iii) the right to take such action upon the occurrence of an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease;

but only insofar as the Lease and such rights, powers, privileges, options and other benefits of the Debtor, as lessor thereunder, extend or relate to the Items of Equipment specifically described in Schedule A attached hereto, as said Schedule A may from time to time be supplemented pursuant to Section 10.01 hereof. It is the intent and purpose hereof that subject always to Excepted Rights in Collateral, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said Basic Rent and other sums for application in accordance with the provisions of Section 5 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness Hereby Secured has been fully paid and discharged.

#### DIVISION C

All right, title, interest claims and demands of the Debtor in, to and under Section 11.15 of the Participation Agreement, including without limitation the right to receive the purchase price of the Equipment or of the interest of the Trustor therein pursuant to said Section 11.15, it being the intent and purpose hereof that the grant to the Secured Party of a security interest in said rights, claims and demands shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all amounts payable by the Lessee under said Section 11.15 for application in accordance with the provisions of Section 5 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness Hereby Secured has been fully paid and discharged.

SUBJECT HOWEVER, to Permitted Encumbrances.

EXCEPTING AND RESERVING, HOWEVER, Excepted Rights in Collateral.

TO HAVE AND TO HOLD the Collateral unto the Secured Party, its successors and assigns, forever, IN TRUST NEVERTHELESS, upon the terms and trust herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding hereunder from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever, provided, always, however, that these presents are upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise this Security Agreement shall remain in full force and effect.

## SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Security Agreement:

"Basic Rent" shall have the meaning specified in the Lease.

"Casualty Value" with respect to any Item of Equipment shall have the meaning specified in the Lease.

"Collateral" is defined in the granting clause hereof.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or both, had been satisfied.

"Equipment" shall mean, collectively, the railroad equipment described in Schedule A attached hereto and "Item of Equipment" shall mean, individually, the various items thereof.

"Event of Default" is defined in Section 6.01 hereof.

"Excepted Rights in Collateral" shall mean the following described properties, rights, interests and privileges:

(a) all rights of the Debtor under the Lease to enter into amendments, waivers and consents with respect to clause (i) of the first sentence of Section 17.02 of the Lease with respect to the percentage of use of the Railroad Equipment outside the United States; and

(b) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 6 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor or the Trustor for its own account.

"Indebtedness Hereby Secured" shall mean the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the outstanding Notes or this Security Agreement.

"Group" of Equipment shall have the meaning specified in the Participation Agreement.

"Interim Rent" shall have the meaning specified in the Lease.

"Lease" shall mean the Lease of Railroad Equipment dated as of July 1, 1978 between the Debtor, as lessor, and the Lessee, as lessee, and as the same may be amended and supplemented from time to time.

"Note" shall mean any of, and "Notes" shall mean all of, the then outstanding Notes of all series from time to time issued hereunder. The term "outstanding" when used with reference to Notes shall mean, as of any particular time, all Notes delivered by the Debtor hereunder and secured hereby, except:

(a) Notes theretofore cancelled by the Secured Party or delivered to the Secured Party for cancellation;

(b) Notes for the payment or prepayment of which moneys in the necessary amount shall have been deposited in trust with the Secured Party; provided, that if such Notes are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Section 5 hereof provided, or provision satisfactory to the Secured Party shall have been made for giving such notice;

(c) Notes in lieu of or in substitution for which other Notes shall have been delivered pursuant to the terms of Section 2 hereof; and

(d) Notes held by or under the direct or indirect control of the Debtor, the Trustor or the Lessee.

"Officers' Certificate" with respect to any corporation other than the Lessee shall mean a certificate signed by the Chairman of the Board, the President or any Vice President and, in the case of the Debtor and the Secured Party, any Trust Officer of such corporation.

"Operative Agreements" shall have the meaning specified in the Participation Agreement.

"Permitted Encumbrances" shall mean, collectively, (a) the right, title and interest of the Lessee under the Lease, (b) the lien of current taxes and assessments not in default, or, if delinquent, the validity of which is being contested in good faith, (c) liens and charges permitted by Section 9 of the Lease, and (d) liens and charges permitted by Section 9 of the Participation Agreement.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Register" is defined in Section 2.03 hereof.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Series 1 Notes", "Series 2 Notes" and "Series 3 Notes" are defined in Recital B hereof.

"Termination Value" with respect to any Item of Equipment shall have the meaning specified in the Lease.

"Trust Agreement" shall mean the Trust Agreement dated as of July 1, 1978 among the Debtor, as trustee, United States Lease Financing, Inc., as agent for the Trustee (the "Agent"), and the Trustor, as trustor and beneficiary, and as the same may be amended and supplemented from time to time.

## SECTION 2. REGISTRATION OF NOTES.

2.01. Registration and Execution. The Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by its President, any Vice President, any Trust Officer or any other officer of the Debtor who, at the actual date of execution of such Note, shall be a proper officer to execute the same. Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit 1 hereto shall be entitled to the benefits of this Security Agreement or be valid or obligatory for any purpose. Such certificate by the Secured Party upon any Note executed by the Debtor shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Security Agreement. The authentication by the Secured Party of any Note issued hereunder shall not be construed as a representation or warranty by the Secured Party as to the validity or security of this Security Agreement or of such Note, and the Secured Party shall in no respect be liable or answerable for the use made of such Note or the proceeds thereof. The Secured Party shall, upon presentation to it of Notes duly executed on behalf of the Debtor, authenticate such Notes upon the written request of the Debtor so to do and shall thereupon deliver such Notes to or upon the written order of the Debtor signed by a Vice President or other authorized officer of the Debtor.

2.02. Payment of the Notes. (a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal corporate trust office of the Secured Party, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Secured Party for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.02, if any Note is registered in the name of any Purchaser or a nominee thereof, or registered in the name of any subsequent holder named in a written notice from the Debtor to the Secured Party and stating that the provisions of this paragraph shall apply, the Secured Party shall make payment of interest on such Note and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the

principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Secured Party for transfer and notation as provided in Sections 2.04 and 2.05 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. The Secured Party is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other person for any act or omission on the part of the Debtor or such holder in connection therewith.

(c) So long as any Note is registered in the name of any Purchaser or a nominee thereof, the Secured Party will, upon written notice from such Purchaser or its nominee given not less than 20 days prior to the payment or prepayment of the Notes, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes registered in the name of such Purchaser or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in Federal Reserve or otherwise immediately available funds to such bank at 10:00 A.M., San Francisco time, on each such date such payment or prepayment is due.

2.03. The Register. The Debtor shall cause to be kept at the principal office of the Secured Party a register for the registration and transfer of Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

2.04. Transfers and Exchanges of Notes; Lost or Mutilated Notes. (a) The holder of any Note may transfer such Note upon the surrender thereof at the principal corporate trust office of the Secured Party. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes of the same series, class and maturity in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and deliver such new Note or Notes to the Secured Party for delivery to such transferee.

(b) The holder of any Note or Notes may surrender such Note or Notes at the principal corporate trust office of the Secured Party, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations of \$50,000 or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Note or Notes of the same series, class and maturity in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid

principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to the Secured Party for authentication and delivery to such holder.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor or by the Secured Party) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Secured Party, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor and the Secured Party shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 2.04, and the holder of any Note issued as provided in this Section 2.04 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note of the same series, class and maturity in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and to the Secured Party such security or indemnity as may be required by them to save each of them harmless from all risks, and the applicant shall also furnish to the Debtor and to the Secured Party evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor and to the Secured Party such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Debtor and the Secured Party the mutilation, destruction, loss or theft of such Note and the ownership thereof. If any Purchaser, or its nominee, is the owner of any such lost, stolen or destroyed Note, then the affidavit of the President, any Vice President, Treasurer or Assistant Treasurer, Secretary or Assistant Secretary of such Purchaser setting forth the fact of loss, theft or destruction and of its ownership of such Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no security or indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such Purchaser to indemnify the Debtor and the Secured Party (including their attorneys' fees) for any claims or actions against them resulting from the issuance of such new Note.

2.05. The New Notes. (a) Each new Note (herein, in this Section 2.05, called a "New Note") issued pursuant to Section 2.04(a), (b) or (e) hereof in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 2.05, called an "Old Note") shall be dated the date of such Old Note. The Secured Party shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 2.04(a), (b) or (e) hereof, the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge and, except in the case of a transfer or exchange of a Note by any Purchaser, any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 2.04(a), (b) or (e) hereof in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall deliver to the Secured Party two copies of an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment. The Secured Party shall deliver, or send by first-class mail, postage prepaid, one copy of the applicable schedule to the holder of such Note at its address set forth in the Register.

2.06. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Secured Party for cancellation or, if surrendered to the Secured Party, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement. The Secured Party shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made, and all such cancelled Notes shall be delivered to or disposed of as directed by the Debtor.



2.07. Secured Party as Agent. The Secured Party is hereby appointed the agent of the Debtor for the payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 2.02 hereof, Notes may be presented for payment at, and notices or demands with respect to the Notes or this Security Agreement may be served or made at, the principal corporate trust office of the Secured Party.

2.08. Registered Owner. The Person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and neither the Debtor nor the Secured Party shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Secured Party may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

### SECTION 3. COVENANTS AND WARRANTIES OF THE TRUST.

The Debtor covenants, warrants and agrees as follows:

3.01. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein and in the other Operative Agreements and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreements against the Debtor.

3.02. Warranty of Title. The Debtor has the right, power and authority under the Trust Agreement to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

3.03. Further Assurances. Upon the request in writing of the Secured Party, the Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the Basic Rents and other sums due and to become due under the Lease with respect to the Equipment, the Debtor covenants and agrees that it will notify the Lessee in the manner and form specified by the Secured Party of such security interest pursuant to Section 16 of the Lease and that, subject to Excepted Rights in Collateral, it will direct the Lessee to make all payments of such Basic Rents and other sums due and to become due under the Lease directly to the Secured Party or as the Secured Party may direct.

3.04. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.04 contained shall be deemed to modify or change the obligation of the Debtor under Section 3.03 hereof.

3.05. Recordation and Filing. The Debtor will cause this Security Agreement and the Lease and all supplements hereto or thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places in the United States as may be required in order fully to preserve and protect under the laws of the United States the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of any supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

3.06. Actions with Respect to Collateral. The Debtor will not:

(a) subject to Excepted Rights in Collateral, declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer to agree to any modification, surrender or termination of, the Lease with respect to the Equipment (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest

or other lien to secure the payment of indebtedness upon the leasehold estate in the Equipment created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any Basic Rent payment with respect to the Equipment and any other payment under the Lease with respect to the Equipment prior to the date for the payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder or to any successor Trustee under the Trust Agreement referred to above) any Basic Rent payment with respect to the Equipment and any other payment then due or to accrue in the future under the Lease with respect to the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder or to any successor Trustee under the Trust Agreement referred to above) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

3.07. Power of Attorney in Respect of the Lease.

Subject always to Excepted Rights in Collateral, the Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, (i) to ask, demand, collect, receive and receipt for any and all Basic Rent and other sums which are assigned hereunder and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and (ii) without limiting the provisions of the foregoing clause (i) hereof, during the continuance of any Event of Default under this Security Agreement, to sue for, compound and give acquittance for, settle, adjust or compromise any claim for any and all such Basic Rent with respect to the Equipment and other sums assigned hereunder as fully as the Debtor could itself do, in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Basic Rent and other sums and the security intended to be afforded hereby.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

4.01. Possession and Use of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always,

that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 4.01.

4.02. Release of Equipment. So long as no Event of Default referred to in Section 6 hereof has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 11 of the Lease upon receipt of: (i) written notice from the Lessee designating the Item of Equipment in respect of which the Lease will terminate, and (ii) settlement by the Lessee for such Item of Equipment in compliance with Section 11 of the Lease.

4.03. Release of Equipment-Consent of Noteholders. In addition to the sale, exchange or release pursuant to the foregoing Section 4.02, the Debtor may sell or otherwise dispose of any Item of Equipment then subject to the lien of this Security Agreement, and the Secured Party shall release the same from the lien hereof to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of the Indebtedness Hereby Secured.

4.04. Release of Equipment-Expiration of Term. So long as no Event of Default referred to in Section 6 hereof has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment in the event that the Note or Notes issued to finance the acquisition of such Item of Equipment have been fully paid and discharged.

4.05. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

## SECTION 5. PREPAYMENTS, APPLICATION OF ASSIGNED RENTS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

5.01. Voluntary Prepayment. In addition to the prepayments required by Sections 5.03, 5.05 and 5.06 hereof, the Debtor shall have the privilege, so long as no Event of Default shall have occurred and be continuing, of prepaying the Notes in whole, but not in part, on January 18, 1990 or on any interest payment date thereafter (but not before), upon thirty days' prior written notice

to the holder or holders thereof, by payment of the principal amount of Notes and accrued interest thereon to the date of prepayment, together with a premium equal to the following respective percentages of the principal amount being prepaid:

<u>If Prepaid in the 12-month period beginning January 18</u>	<u>Premium (Percentage of Principal Amount)</u>
1990	4.5000%
1991	4.0500
1992	3.6000
1993	3.1500
1994	2.7000
1995	2.2500
1996	1.8000
1997	1.3500
1998	0.9000
1999	0.4500
2000 and thereafter	none

Upon the giving of such notice, the aggregate principal amount of the Notes shall become due on the date fixed for prepayment.

5.02. Application of Rents. So long as no Event of Default shall have occurred and be continuing to the knowledge of the Secured Party, the amounts from time to time received by the Secured Party which constitute payment of the installments of Periodic Rent under the Lease shall be applied first, to the pro rata payment of the installments of principal and interest (and in each case first to interest and then to principal) on all Notes which have matured or will mature on or before the due date of the installments of Periodic Rent which are received by the Secured Party, and second, the balance, if any, of such amounts shall be paid by wire transfer of immediately available funds to the Trustor at the place of payment specified in Section 5.1 of the Trust Agreement promptly upon collection of such amounts by the Secured Party.

5.03. Application of Casualty Value and Termination Value Payments. For convenience in administration of the security, each Note of each series will identify the Group of Equipment financed with the proceeds of Notes of such series. So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the Casualty Value or the Termination Value of an Item of Equipment of any Group pursuant to Section 11 of the Lease shall be ratably applied first to the prepayment without premium of the unpaid principal amount with respect to such Item of Equipment (determined as of the date of prepayment in accordance with Section 5.04 hereof) of the Notes of the Series identifying such Group, together with interest accrued to the date of prepayment on the

amount so prepaid, and second, the balance, if any, of such amounts shall be paid by wire transfer of immediately available funds to the Trustor at the place of payment specified in Section 5.1 of the Trust Agreement promptly upon collection of such amounts by the Secured Party. Each of the remaining installments of each Note of such Series shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of such Note immediately prior to the prepayment.

5.04. Unpaid Principal Amount. The unpaid principal amount of any Series of Notes with respect to an Item of Equipment of the Group financed with the proceeds of Notes of such Series shall mean as of any date an amount bearing the same relationship to the aggregate principal amount of the Notes of such Series unpaid on such date (giving effect to the payment of any regular installment payable on such date in respect of Notes of such Series) as the Total Cost of such Item of Equipment bears to the aggregate Total Cost of all Items of Equipment of such Group subject to this Security Agreement on such date.

5.05. Application of Purchase Price. Any amount received by the Secured Party which constitutes payment of the purchase price of the Equipment pursuant to Section 11.15 of the Participation Agreement shall, so long as no Event of Default shall have occurred and be continuing to the knowledge of the Secured Party, be applied first, to the payment to the holder or holders of the Notes of the amount then owing and unpaid on the Notes for principal and interest, and second, the balance, if any, of such amount shall be paid to or upon the order of the Debtor promptly upon collection of such amount by the Secured Party.

5.06. Application During Event of Default. If an Event of Default has occurred and is continuing, all amounts received by the Secured Party shall be applied in the manner provided for in Section 6.07 hereof.

## SECTION 6. DEFAULTS AND OTHER PROVISIONS.

6.01. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest (and premium, if any) on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for more than ten days;

(b) An "Event of Default" as set forth in Section 14 of the Lease;

(c) Default on the part of the Debtor or the Trustor in the due observance or performance of any other covenant or agreement to be observed or performed by it under this Security Agreement or the Participation Agreement, and such default shall continue unremedied for thirty days after written notice from the Secured Party to the Debtor and the Trustor specifying the default and demanding the same to be remedied;

(d) Any representation or warranty made by the Debtor or the Trustor herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Participation Agreement, or the transactions contemplated thereby shall prove to be false or misleading in any material respect as of the date of the issuance or making thereof and shall not be made good within thirty days after notice thereof from the Secured Party to the Debtor and the Trustor; or

(e) Any claim, lien or charge (other than Permitted Encumbrances) shall be asserted against or levied or imposed upon any Item of Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within thirty days after written notice from the Secured Party or the holder of any Note to the Debtor, the Trustor and the Lessee demanding the discharge or removal thereof.

6.02. Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing, but subject always to Section 8 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and, without limiting the foregoing, may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may, and upon the written request of the holders of not less than 25% in principal amount of the Notes shall, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable;

and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor or the Lessee, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale shall be in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party, the Debtor, the Trustor or the holder or holders of the Notes or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for



the appointment of a receiver or receivers for the Collateral or any part thereof, or, subject to the provisions of Section 8 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

6.03. Certain Rights of Trustor. The Secured Party shall give the holders of the Notes, the Debtor and the Trustor prompt written notice of any Event of Default of which the Secured Party has knowledge (as defined in Section 7.03(a) hereof) and shall give the holders of the Notes, the Debtor and the Trustor not less than ten days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 6.02 hereof. If an Event of Default shall have occurred and be continuing, the Trustor shall have the following rights hereunder:

(a) Right to Cure. In the event that as a result of the occurrence of an Event of Default in respect of the payment of Periodic Rent under the Lease the Secured Party shall have insufficient funds to pay any payment of principal and interest on any Note on the day it becomes due and payable (unless there shall have occurred and be continuing any other Event of Default under the Lease), the Debtor may, but shall not be obligated to, pay to the Secured Party prior to the Enforcement Date, an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes; provided, however, that the Debtor may not exercise such right in respect of more than two consecutive Periodic Rent payment defaults.

Except as hereinafter in this Section 6.03(a) provided, the Debtor shall not obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such cure right, nor shall any claim of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. Upon such payment by the Debtor of the amount of principal and interest then due

and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party and the holders of the Notes in respect of the Periodic Rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other Default or Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such Periodic Rent, the Debtor shall be entitled to receive such Periodic Rent and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 6.02(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinated to the rights of the Secured Party and the holders of the Notes in respect of such payment of Periodic Rent and such interest on such overdue Periodic Rent prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) Option to Prepay Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 6.03(a) above, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment.

6.04. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note or Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

6.05. Waiver by Debtor. To the full extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead or in any manner whatever claim or take any benefit

or advantage of, any stay or extension law now or at any time hereinafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction, nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and, to the full extent legally permitted, covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

6.06. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

6.07. Application of Sale Proceeds. All amounts received, or then held by, the Secured Party, so long as an Event of Default has occurred and is continuing, including without limitation, the purchase money proceeds and/or avails of any sale of the Collateral, or any part hereof, and the proceeds and the avails of any remedy hereunder, shall be applied as follows:

(a) First, to the payment of reasonable costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes;

(b) Second, to the payment to the holder or holders of the Notes of the amount then owing and unpaid on the Notes for principal and interest and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest

and premium, if any, with application on each Note to be made, first, to the unpaid interest thereon, second, to unpaid premium, if any, thereon, and third, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

6.08. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

6.09. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

## SECTION 7. THE SECURED PARTY.

7.01. Certain Duties and Responsibilities of Secured Party. (a) Except during the continuance of an Event of Default:

(1) the Secured Party undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement, and no implied covenants or obligations shall be read into this Security Agreement against the Secured Party; and

(2) in the absence of bad faith on its part, the Secured Party may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Secured Party and conforming to the requirements of this Security Agreement or the Lease; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Secured Party, the Secured Party shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) In case an Event of Default has occurred and is continuing, the Secured Party shall exercise such of the rights and powers vested in it by this Security Agreement for the benefit of the holders of the Notes, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Security Agreement shall be construed to relieve the Secured Party from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Secured Party shall not be liable for any error of judgment made in good faith by an officer of the Secured Party unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts; and

(3) the Secured Party shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of two-thirds principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred upon the Secured Party under this Security Agreement.

(d) No provision of this Security Agreement shall require the Secured Party to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or

affecting the liability of or affording protection to the Secured Party shall be subject to the provisions of this Section.

7.02. Certain Limitations on Secured Party's Rights to Compensation and Indemnification. The Secured Party agrees that it shall have no right against the Purchasers or the holders of any Note for the payment of compensation for its services hereunder or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties hereunder or any indemnification against liabilities which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Lessee under the Lease and United States Lease Financing, Inc. under Section 8.02 of the Participation Agreement for such payment and indemnification and that it shall have no lien on or security interest in the Collateral as security for such compensation, expenses, disbursements and indemnification except to the extent provided for in Section 6.07(a) hereof.

7.03. Certain Rights of Secured Party. (a) The Secured Party shall not be responsible for any recitals herein or in the Participation Agreement or for insuring the Equipment, or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral, or for the recording, filing or refiling of this Security Agreement, or of any supplemental or further mortgage or trust deed, nor shall the Secured Party be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Participation Agreement, and, except in the case of a default in the payment of the principal of, or interest or premium, if any, on any Note or a default of which the Secured Party has actual knowledge, the Secured Party shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from one of the holders of the Notes. The Secured Party shall promptly notify all holders of Notes of any default of which the Secured Party has actual knowledge. Upon receipt by the Secured Party of such written notice from a holder of a Note, the Secured Party shall promptly notify all other holders of Notes and the Trustor of such notice and the default referred to therein, by prepaid registered mail addressed to them at their addresses set forth in the Register.

(b) The Secured Party makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Participation Agreement or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to, any Equipment or Item of Equipment or any substitute therefor. The Secured Party shall not be accountable to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement.

(c) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Debtor or the Lessee shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Secured Party, and signed in the name of the Debtor or the Lessee, as the case may be, by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of the Debtor or the Lessee shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Secured Party.

(e) Whenever in the administration of the trust herein provided for the Secured Party shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Debtor and delivered to the Secured Party, and such certificate shall be full warrant to the Secured Party or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Secured Party may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Secured Party may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Secured Party, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(g) The Secured Party shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Secured Party may involve loss, liability, or expense, unless the Debtor or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Secured Party.

(h) The Secured Party shall not be liable to the holder of any Note for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.

(i) The Secured Party shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.

(j) The Secured Party may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Secured Party shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care.

(k) The provisions of paragraphs (c) to (j), inclusive, of this Section 7.03 shall be subject to the provisions of Section 7.01 hereof.

7.04. Showings Deemed Necessary by Secured Party. Notwithstanding anything elsewhere in this Security Agreement contained, the Secured Party shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party reasonably deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

7.05. Status of Moneys Received. All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department, and the Secured Party shall be under no liability for interest on any moneys received by it hereunder. The Secured Party and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or any affiliated corporation or the Lessee or any affiliated corporation, or the Secured Party may act as depositary or otherwise in respect to other securities of the Debtor or any affiliated corporation or the Lessee or any affiliated corporation, all with the same rights which it would have if not the Secured Party.

7.06. Resignation of Secured Party. The Secured Party may resign and be discharged of the trusts hereby created by mailing a notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes at their addresses set forth in the Register. Such resignation shall take effect on the date specified in such notice (being not less than thirty days after the mailing of such notice) unless previously a successor secured party shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.



7.07. Removal of Secured Party. The Secured Party may be removed and/or a successor secured party may be appointed at any time by an instrument or concurrent instruments in writing signed and acknowledged by the holders of a majority in principal amount of the Notes and delivered to the Secured Party, the Lessee and the Debtor and, in the case of the appointment of a successor secured party, such successor secured party.

7.08. Successor Secured Party. Each secured party appointed in succession of the Secured Party named in this Security Agreement, or its successor in the trust, shall be a trust company or banking corporation having an office in the State of Illinois, New York or California, in good standing and having a capital and surplus aggregating at least \$50,000,000, if there be such a trust company or banking corporation qualified, able and willing to accept the trust upon reasonable or customary terms.

7.09. Appointment of Successor Secured Party. In case at any time the Secured Party shall resign or be removed or become incapable of acting, a successor secured party may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such holders and filed with such successor secured party.

Until a successor secured party shall be so appointed by the holders of the Notes, a successor secured party may be appointed by the Debtor by an instrument in writing executed by the Debtor and delivered to the successor secured party, or, upon application of the retiring secured party, by any court of competent jurisdiction. Any successor secured party appointed pursuant to this paragraph shall immediately and without further act be superseded by a successor secured party appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

7.10. Merger or Consolidation of Secured Party. Any company into which the Secured Party, or any successor to it in the trust created by this Security Agreement, may be merged or converted or with which it or any successor to it may be consolidated or any company resulting from any merger or consolidation to which the Secured Party or any successor to it shall be a party (provided such company shall be a corporation organized under the laws of the State of Illinois, New York or California or of the United States of America, having a capital and surplus of at least \$50,000,000), shall be the successor to the Secured Party under this Security Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Debtor covenants that in case of any such merger, consolidation or conversion it will, upon the request of the merged, consolidated or converted corporation, execute, acknowledge and cause to be recorded or filed suitable instruments in writing to confirm the estates, rights and interest of such corporation as secured party under this Security Agreement.

7.11. Conveyance Upon Request of Successor Secured Party. Should any deed, conveyance or instrument in writing from the Debtor be required by any successor secured party for more fully and certainly vesting in and confirming to such new secured party such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and shall be caused to be recorded and/or filed, by the Debtor.

7.12. Acceptance of Appointment by Successor Secured Party. Any new secured party appointed pursuant to any of the provisions hereof shall execute, acknowledge and deliver to the Debtor an instrument accepting such appointment; and thereupon such new secured party, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named as secured party herein; but nevertheless, upon the written request of the Debtor or of the successor secured party, the secured party ceasing to act shall execute and deliver an instrument transferring to such successor secured party, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the secured party so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such secured party to the successor secured party so appointed in its or his place.

## SECTION 8. LIMITATIONS OF LIABILITY.

It is expressly understood and agreed by and between the Debtor, the Trustor, the Secured Party, the Purchasers and any holder of the Notes and their respective successors and assigns that neither the Purchasers nor the holder of any Note nor the Secured Party, nor the successors and assigns of any of said persons shall have any claim, remedy or right to proceed (in law or in equity) against the Debtor in its individual corporate capacity or against the Trustor or the Agent, or any incorporator or any past, present or future subscriber to the capital stock, or stockholder, officer or director of, the Debtor, the Trustor or the Agent (except in the case of the Debtor and the Agent for the gross negligence or willful misconduct of the Debtor or, as the case may be, the Agent) for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the Trust Estate described in the Trust Agreement and the Purchasers and the holders of the Notes by acceptance thereof waive and release any liability of the Debtor in its individual corporate capacity, the Trustor and the Agent, and any incorporator or any past, present or future subscriber to the capital stock or stockholder, officer or director of the Debtor, the Trustor and the Agent (except in the case of the Debtor and the Agent for the gross negligence or willful misconduct of the Debtor or, as the case may be, the Agent) for and on account of such indebtedness or such liability and the

Purchasers and the holders of the Notes agree to look solely to the Trust Estate described in the Trust Agreement for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the right of the Secured Party hereunder to accelerate the maturity of the Notes upon a default thereunder or hereunder; to bring suit and obtain a judgment against the Debtor on the Notes (provided that neither the Debtor in its individual corporate capacity nor the Trustor nor the Agent, nor any incorporator or any past, present or future subscriber to the capital stock, or stockholder, officer or director, of the Debtor, the Trustor or the Agent, shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Trust Estate described in the Trust Agreement and any interest therein of the Debtor, the Trustor or the Agent) or to foreclose the lien hereof or otherwise realize upon the Collateral described in this Security Agreement; provided further, that nothing in this Section 8 shall be construed to limit in scope or substance any representation, warranty or agreement of the Debtor or the Trustor which pursuant to the express terms of the Participation Agreement is made by either of such parties in its individual capacity.

#### SECTION 9. RELATIVE POSITION OF SECURITY AGREEMENT.

The security interest in the Equipment of this Security Agreement is expressly made subject and subordinate to the rights and privileges of the Lessee under the Lease.

#### SECTION 10. SUPPLEMENTAL SECURITY AGREEMENTS; WAIVERS.

10.01. Supplemental Security Agreements Without Noteholders' Consent. The Debtor and the Secured Party from time to time and at any time, subject to the restrictions in this Security Agreement contained, may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained

shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental agreement. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental agreements, or otherwise.

10.02. Waivers and Consents by Noteholders; Supplemental Security Agreements with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of the Notes (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Security Agreement or any agreement supplemental hereto, or (b) the Debtor and the Secured Party may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any agreement supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental agreement shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the interest and premium, if any, on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental agreement pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Secured Party, without the consent of the holders of all of the Notes at the time outstanding.

10.03. Notice of Supplemental Security Agreements. Promptly after the execution by the Debtor and the Secured Party of any supplemental agreement pursuant to the provisions of Section 10.01 or 10.02 hereof, the Secured Party shall give written notice, setting forth in general terms the substance of such supplemental agreement, together with a conformed copy thereof, mailed, first-class, postage prepaid, to each holder of the Notes. Any failure of the Secured Party to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

10.04. Opinion of Counsel Conclusive as to Supplemental Security Agreements. The Secured Party is hereby authorized to join with the Debtor in the execution of any such supplemental agreement authorized or permitted by the terms of this Security Agreement and to make the further agreements and stipulations which may be therein contained, and the Secured Party may receive an opinion of counsel as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Section 10 complies with the requirements of this Section 10.

SECTION 11. MISCELLANEOUS.

11.01. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

11.02. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.03. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered postage prepaid, addressed as follows:

If to the Debtor:           Trust Company for USL, Inc.,  
                                  as Trustee under U. C.  
                                  Trust No. 16  
                                  1211 West 22nd Street  
                                  Oak Brook, Illinois 60521  
                                  Attention: Vice President

(with copies of such notice to be  
sent to:

United States Lease Financing, Inc.  
633 Battery Street  
San Francisco, California 94111  
Attention: Vice President of  
Lease Underwriting

and

Chemical Bank  
55 Water Street  
Suite 1822  
New York, New York 10041  
Attention: Manager, Specialized  
Leasing)

If to the Secured  
Party:

Wells Fargo Bank, National Association  
475 Sansome Street  
San Francisco, California 94111  
Attention: Corporate Trust Department

If to the Lessee:

Union Carbide Corporation  
270 Park Avenue  
New York, New York 10017  
Attention: Treasurer

(with copies of such notice to be  
sent to:

Attention: Vice President-  
Distribution-Chemicals  
and Plastics

and

Attention: Director of Corporate  
Distribution)

If to the holder  
of any Note:

At its address for notices set  
forth in the Register

or to any such party at such other address as such party may  
designate by notice duly given in accordance with this Section  
to the other parties.

11.04. Release. Upon presentation of satisfactory  
evidence that any Series of Notes has been fully paid or dis-  
charged or, as the case may be, designating any Equity Items  
of Equipment (as defined in the Participation Agreement),  
the Secured Party by proper instrument or instruments shall  
release this Security Agreement and the security interest granted  
hereby insofar as this Security Agreement and the security interest  
granted hereby relate to the Items of Equipment financed with  
the proceeds of such Series of Notes or, as the case may be,  
the Equity Items of Equipment so designated.

11.05. Counterparts. This Security Agreement may be  
executed, acknowledged and delivered in any number of counterparts,  
each of such counterparts constituting an original but all together  
only one Security Agreement.

11.06. Headings and Table of Contents. Any headings or captions preceding the text of the several sections hereof and the Table of Contents are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

11.07. Law Governing. This Security Agreement shall be construed in accordance with the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed, and Wells Fargo Bank, National Association, in evidence of its acceptance of the trusts hereby created, has caused this Security Agreement to be executed on its behalf by one of its Trust Officers and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be duly attested.

TRUST COMPANY FOR USL, INC.,  
as Trustee under U. C. Trust  
No. 16

By Myron M. Christy  
Its President  
DEBTOR

[CORPORATE SEAL]

Attest:

Richard A. Co  
ASSISTANT SECRETARY

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Trustee as  
aforesaid

By [Signature]  
Trust Officer  
SECURED PARTY

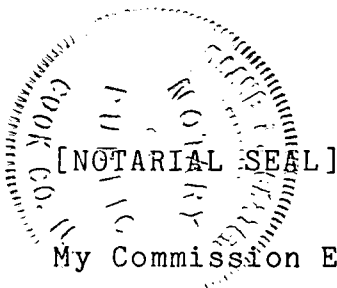
[CORPORATE SEAL]

Attest:

[Signature]  
ASSISTANT SECRETARY

STATE OF ILLINOIS                    )  
  )   SS  
COUNTY OF COOK                    )

On this 10<sup>th</sup> day of October, 1978, before me personally appeared MYRON M. CHRESTY, to me personally known, who, being by me duly sworn, says that he is ~~a~~ PRESIDENT of TRUST COMPANY FOR USL, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



*Dianna D. Baxter*  
Notary Public

NOTARY PUBLIC STATE OF ILLINOIS  
MY COMMISSION EXPIRES JUNE 30 1981  
ISSUED THRU ILLINOIS NOTARY ASSOC.

STATE OF CALIFORNIA                )  
  )   SS  
COUNTY OF SAN FRANCISCO        )

On this 17<sup>th</sup> day of October, 1978, before me personally appeared R. T. DREILING, to me personally known, who, being by me duly sworn, says that he is a Trust Officer of WELLS FARGO BANK, NATIONAL ASSOCIATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Marguerite C. Chace*  
Notary Public

[NOTARIAL SEAL]

My Commission Expires:





DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Numbers (both inclusive)</u>
177	100-ton Railroad Covered Hopper Cars	RAIX 57220 through RAIX 57396
243	100-ton Railroad Tank Cars	RAIX 2359 through RAIX 2369; RAIX 2540 through RAIX 2575; RAIX 2701 through RAIX 2717; RAIX 3001 through RAIX 3009; RAIX 3401 through RAIX 3456; RAIX 6577 through RAIX 6650; RAIX 8025 through RAIX 8059; RAIX 9149 through RAIX 9153

TRUST COMPANY FOR USL, INC.,  
As Trustee under U. C. Trust No. 16

9% SECURED NOTE

Group:

Series:

Number:

\$ , 19

FOR VALUE RECEIVED the undersigned, TRUST COMPANY FOR USL, INC., not individually but solely as Trustee (the "Trustee") under a Trust Agreement dated as of July 1, 1978 (the "Trust Agreement") with United States Lease Financing, Inc., as agent for the Trustee (the "Agent"), and Chemical Bank, a New York banking corporation (the "Trustor"), promises to pay to

or registered assigns,  
the principal amount of

in installments as follows: [See variations in Annex A attached hereto] and to pay interest computed on the Bond Basis at the rate of 9.95% per annum on the principal of each of said installments from and after the maturity thereof, whether by acceleration or otherwise, until paid, provided that there shall be no interest due in respect of any of said installments for the period from and after the maturity thereof if the date of maturity thereof is not a business day and said installment is paid on the first business day following such date of maturity.

All payments of principal of and interest on this Note shall be made at the principal office of Wells Fargo Bank, National Association, 475 Sansome Street, San Francisco, California 94111, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 9% Secured Notes (the "Notes") issued or to be issued under and pursuant to the Participation Agreement dated as of July 1, 1978 (the "Participation Agreement"), among the Trustee, the Trustor, Wells Fargo Bank, National Association, as interim lender, Union Carbide Corporation, Wells Fargo Bank, National Association, as Security Trustee (the "Secured Party") and the Note Purchasers named in Schedule 1 thereto (the "Note Purchasers") and is equally and ratably with said other Notes secured by that certain Security Agreement and Indenture of Trust dated as of July 1, 1978 (the "Security Agreement") from the Trustee to the Secured Party.

This Note and the holder hereof are entitled, equally and ratably with the holders of all other Notes, to all of the benefits and security provided for by or referred to in the Participation Agreement, the Security Agreement and all supplemental Security Agreements executed pursuant to the Participation Agreement and the Security Agreement, to which instruments reference is made for a statement thereof, including a description of the collateral, the nature and extent of the security and the rights of the Secured Party, the holder or holders of the Notes and the Trustee in respect thereof. Without limiting the foregoing, for convenience of administering the collateral pursuant to Sections 5.03 and 5.05 of the Security Agreement, this Note has been issued and delivered in connection with Group \_\_\_ Equipment.

This Note is registered on the books of the Secured Party and is transferable only by surrender thereof at the principal office of the Secured Party duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or his attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note may be declared due prior to its expressed maturity date all in the events, on the terms and in the manner provided for in the Security Agreement. Certain prepayments may be made hereon at the option of the Trustee and certain prepayments are required to be made hereon on the terms and in the manner provided for in the Participation Agreement and the Security Agreement.

It is expressly understood and agreed by and between the Trustee, the Trustor, the Secured Party, the Note Purchasers and any holder of this Note and their respective successors and assigns that neither the Note Purchasers nor the holder of any Note nor the Secured Party, nor the successors or assigns of any of said persons shall have any claim, remedy or right to proceed (in law or in equity) against the Trustee in its individual corporate capacity or against the Trustor or the Agent for the Trustee thereunder, or any incorporator or any past, present or future subscriber to the capital stock, or stockholder, officer or director of, the Trustee, the Trustor or the Agent (except in the case of the Trustee and the Agent for the gross negligence or willful misconduct of the

Trustee or, as the case may be, the Agent) for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the Trust Estate described in the Trust Agreement; and the Note Purchasers and the holders of the Notes by acceptance thereof waive and release any liability of the Trustee in its individual corporate capacity, the Trustor and the Agent, and any incorporator or any past, present or future subscriber to the capital stock or stockholder, officer or director of the Trustee, the Trustor and the Agent (except in the case of the Trustee and the Agent for the gross negligence or willful misconduct of the Trustee or, as the case may be, the Agent), for and on the account of such indebtedness or such liability and the Note Purchasers and the holders of the Notes agree to look solely to the Trust Estate described in the Trust Agreement, for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the right of the Secured Party under the Security Agreement to accelerate the maturity of the Notes upon a default thereunder or under the Security Agreement; to bring suit and obtain a judgment against the Trustee on the Notes (provided that neither the Trustee in its individual corporate capacity nor the Trustor nor the Agent, nor any incorporator or any past, present or future subscriber to the capital stock, or stockholder, officer or director of the Trustee, the Trustor or the Agent, shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Trust Estate described in the Trust Agreement and any interest therein of the Trustee, the Trustor or the Agent) or to foreclose the lien of the Security Agreement; provided further, that nothing in this paragraph shall be construed to limit in scope or substance any representation, warranty or agreement of the Debtor or the Trustor which pursuant to the express terms of the Participation Agreement is made by either of such parties in its individual capacity.

This Note shall be governed by and construed in accordance with the laws of the State of Illinois.

TRUST COMPANY FOR USL, INC.,  
Trustee under Trust Agreement  
dated as of July 1, 1978

By \_\_\_\_\_  
Its \_\_\_\_\_

SECURED PARTY'S CERTIFICATE

This is one of the Notes of the series designated herein,  
referred to in the within-mentioned Security Agreement.

Dated:

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Security  
Trustee

By \_\_\_\_\_  
Authorized Officer

NOTICE:

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED,  
OR THE SECURITIES LAWS OF ANY STATE, AND  
MAY BE OFFERED OR SOLD ONLY IF SO REGISTERED  
OR IF AN EXEMPTION FROM SUCH REGISTRATION  
IS AVAILABLE.

SERIES 1 NOTES

(i) Forty-eight installments of principal in the respective amounts set forth below (said amounts being expressed as percentages of the original principal amount hereof) payable on the eighteenth day of each January and July in each year, commencing July 18, 1979 to and including January 18, 2003, together with interest from and including the date hereof, to but not including January 18, 2003 at the rate of 9% per annum computed on the basis of a 360-day year of twelve consecutive 30-day months (the "Bond Basis") on the unpaid principal hereof payable semiannually on the dates for payment of installments of principal set forth above:

<u>Payment No.</u>	<u>Amount of Payment</u>	<u>Payment No.</u>	<u>Amount of Payment</u>
1	.730402%	25	3.492403%
2	.763270	26	3.649561
3	.797617	27	3.813791
4	.833510	28	1.548247
5	.871018	29	1.617918
6	.910214	30	1.602345
7	.951173	31	1.674450
8	.993976	32	1.658322
9	1.038705	33	1.732947
10	1.085447	34	1.716259
11	1.134292	35	1.793491
12	1.185335	36	1.776227
13	1.238675	37	1.856157
14	1.294416	38	1.838287
15	1.352664	39	1.921010
16	1.413534	40	1.902509
17	1.477143	41	1.988122
18	2.566317	42	1.968981
19	2.681801	43	2.057586
20	2.802482	44	2.037772
21	2.928594	45	2.129471
22	3.060381	46	2.867031
23	3.198098	47	2.996047
24	3.342012	48	5.726155

; followed by

(ii) A final installment in an amount equal to the entire principal remaining unpaid as of said date, together with interest from and including January 18, 2003 to but not including July 18, 2003 at the rate of 9% per annum computed on the Bond Basis on the unpaid principal hereof payable on July 18, 2003.

SERIES 2 NOTES

(i) One installment of all accrued and unpaid interest at the rate of 9% per annum computed on the basis of a 360-day year of twelve consecutive 30-day months (the "Bond Basis") on the unpaid principal hereof from and including the date hereof to but not including January 18, 1980 payable on January 18, 1980; followed by

(ii) Forty-eight installments of principal in the respective amounts set forth below (said amounts being expressed as percentages of the original principal amount hereof) payable on the eighteenth day of each January and July in each year, commencing July 18, 1980 to and including January 18, 2004 together with interest from and including January 18, 1980 to but not including January 18, 2004 at the rate of 9% per annum computed on the Bond Basis on the unpaid principal hereof payable semiannually on the dates for payment of installments of principal set forth above;

<u>Payment No.</u>	<u>Amount of Payment</u>	<u>Payment No.</u>	<u>Amount of Payment</u>
1	.739375%	25	3.487534%
2	.772647	26	3.644473
3	.807416	27	3.808475
4	.843750	28	1.544593
5	.881718	29	1.614100
6	.921396	30	1.598558
7	.962859	31	1.670493
8	1.006187	32	1.654408
9	1.051466	33	1.728856
10	1.098782	34	1.712209
11	1.148227	35	1.789258
12	1.199897	36	1.772029
13	1.253892	37	1.851771
14	1.310317	38	1.833940
15	1.369282	39	1.916467
16	1.430899	40	1.898014
17	1.495290	41	1.983424
18	2.562739	42	1.964326
19	2.678063	43	2.052721
20	2.798576	44	2.032955
21	2.924511	45	2.124438
22	3.056114	46	2.830310
23	3.193640	47	2.957674
24	3.337353	48	5.713730

; followed by

(iii) A final installment in an amount equal to the entire principal remaining unpaid as of said date, together with interest from and including January 18, 2004 to but not including July 18, 2004 at the rate of 9% per annum computed on the Bond Basis on the unpaid principal hereof payable on July 18, 2004.

### SERIES 3 NOTES

(i) One installment of all accrued and unpaid interest at the rate of 9% per annum computed on the basis of a 360-day year of twelve consecutive 30-day months (the "Bond Basis") on the unpaid principal hereof from and including the date hereof to but not including January 18, 1980 payable on January 18, 1980; followed by

(ii) Forty-eight installments of principal in the respective amounts set forth below (said amounts being expressed as percentages of the original principal amount hereof) payable on the eighteenth day of each January and July in each year, commencing July 18, 1980 to and including January 18, 2004 together with interest from and including January 18, 1980 to but not including January 18, 2004 at the rate of 9% per annum computed on the Bond Basis on the unpaid principal hereof payable semiannually on the dates for payment of installments of principal set forth above;

<u>Payment No.</u>	<u>Amount of Payment</u>	<u>Payment No.</u>	<u>Amount of Payment</u>
1	.730402%	25	3.492403%
2	.763270	26	3.649561
3	.797617	27	3.813791
4	.833510	28	1.548247
5	.871018	29	1.617918
6	.910214	30	1.602345
7	.951173	31	1.674450
8	.993976	32	1.658322
9	1.038705	33	1.732947
10	1.085447	34	1.716259
11	1.134292	35	1.793491
12	1.185335	36	1.776227
13	1.238675	37	1.856157
14	1.294416	38	1.838287
15	1.352664	39	1.921010
16	1.413534	40	1.902509
17	1.477143	41	1.988122
18	2.566317	42	1.968981
19	2.681801	43	2.057586
20	2.802482	44	2.037772
21	2.928594	45	2.129471
22	3.060381	46	2.867031
23	3.198098	47	2.996047
24	3.342012	48	5.726155

; followed by

(iii) A final installment in an amount equal to the entire principal remaining unpaid as of said date, together with interest from and including January 18, 2004 to but not including July 18, 2004 at the rate of 9% per annum computed on the Bond Basis on the unpaid principal hereof payable on July 18, 2004.



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ONE MARKET PLAZA  
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(415) 463-1991

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4675 MACARTHUR COURT  
SUITE 1000  
NEWPORT BEACH, CALIFORNIA 92660  
(714) 752-7535

WRITER'S DIRECT DIAL NUMBER  
415/442-1102

March 17, 1988

Interstate Commerce Commission  
12th Street and Constitution Avenue N.W.  
Washington, D.C. 20423

Attn: Mrs. Mildred Lee  
Room 2303


Dear Mrs. Lee:

Pursuant to our telephone conversation on Tuesday of this week, I have enclosed a check for \$27 payable to the Interstate Commerce Commission which is to be used to cover the additional filing fees needed in connection with the documents we filed earlier this week on behalf of Bankers Trust Company of California, N.A. As you may recall, we filed nine (9) separate secondary documents, but only included a filing fee of \$10 per document. The enclosed \$27 covers the increase in fees from \$10 to \$13 per filing.

For your reference, the secondary documents we filed related to the following nine primary document numbers: 5119, 10422, 10423, 10591, 10592, 5671, 5749, 9797 and 9798. I have also enclosed an example of the form of secondary document we filed. (Each was filed using the same format.)

Please do not hesitate to contact me if you have any questions regarding this matter.

Very truly yours,

  
Steven J. Tonsfeldt

SJT:sap  
Encl.

*Do not  
renew*

RECORDATION NO. 9798 Filed 1425  
MAR 15 1988 - 4:50 PM  
INTERSTATE COMMERCE COMMISSION

BROBECK, PHLEGER & HARRISON

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(714) 752-7535

March 14, 1988

FEDERAL EXPRESS

Interstate Commerce Commission  
12th Street and Constitution Avenue N.W.  
Washington, D.C. 20423

Attn: Railroad Liens Unit  
Room 2303

Secretary of Interstate Commerce Commission:

We are special counsel to Bankers Trust Company of California, National Association ("Bankers Trust"). On behalf of Bankers Trust, we have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code and the regulations promulgated thereunder.

This document is an Agreement to Assign and Transfer Interest in Security Agreement and Indenture of Trust, a secondary document, dated as of August 17, 1987 (the "Agreement").

The primary document to which this is connected is recorded under Recordation No. 9798.

We request that the Agreement be cross-indexed.

RECORDATION NO. 9798  
FILED 3428

MAR / 5 1988 9:50 PM  
INTERSTATE COMMERCE COMMISSION

Secretary of Interstate Commerce Commission  
March 14, 1988

2.

The names and addresses of the parties to the Agreement are as follows:

Assignor/Transferor

Wells Fargo Bank, National Association  
343 Sansome Street, 11th Floor  
San Francisco, California 94104  
Attn: Jack W. Wetzel,  
Vice President

Assignee/Transferee

Bankers Trust Company of California,  
National Association  
50 Fremont Street, 10th Floor  
San Francisco, California 94105  
Attn: Lawrence J. Bell,  
Assistant Vice President

A description of the equipment covered by the Agreement follows:

One hundred seventy-seven (177) 100-ton hopper cars bearing Union Carbide Corporation, as lessee ("Lessee"), road numbers RAIX 57220-57396, inclusive, and two hundred forty-three (243) 100-ton tank cars bearing Lessee road numbers RAIX 2359-2369, 2540-2575, 2701-2717, 3001-3009, 3401-3456, 6577-6650, 8025-8059, and 9149-9153, all inclusive.

A fee of \$10 is enclosed, as required by 49 C.F.R. §1177.3(c). Please return the original and any extra copies not needed by the Commission for recordation to the undersigned at Brobeck, Phleger & Harrison, One Market Plaza, Spear Street Tower, San Francisco, California 94105.

A short summary of the document to appear in the

Secretary of Interstate Commerce Commission  
March 14, 1988

3.

index follows:

Agreement to Assign and Transfer between Wells Fargo Bank, N.A., 343 Sansome Street, San Francisco, California 94104 and Bankers Trust Company of California, N.A., 50 Fremont Street, San Francisco, California 94105, dated as of August 17, 1987 and covering one hundred seventy-seven (177) 100-ton hopper cars bearing Union Carbide Corporation, as lessee ("Lessee"), road numbers RAIX 57220-57396, inclusive, and two hundred forty-three (243) 100-ton tank cars bearing Lessee road numbers RAIX 2359-2369, 2540-2575, 2701-2717, 3001-3009, 3401-3456, 6577-6650, 8025-8059, and 9149-9153, all inclusive, and connected to the Security Agreement and Indenture of Trust dated as of July 1, 1978 and assigned ICC Recordation No. 9798, as amended and supplemented.

Please do not hesitate to contact me at (415) 442-0900 if you have any questions or require any additional information.

Very truly yours,



Steven J. Tonsfeldt  
Attorney for  
Bankers Trust Company of  
California, N.A.

cc: Jack W. Wetzel  
Lawrence J. Bell

Enclosure  
G1005-3-C

AGREEMENT TO ASSIGN AND TRANSFER  
INTEREST IN  
SECURITY AGREEMENT AND INDENTURE

August 17, 1987

RECORDATION NO. 9798  
MAR 15 1988 9:50 PM  
INTERSTATE COMMERCE COMMISSION

WHEREAS, Wells Fargo Bank, National Association, ("Wells Fargo") has agreed to sell a certain portion of its corporate trust, corporate agency, related escrow and stock transfer business (the "Corporate Trust Business") to Bankers Trust Company of California, National Association ("Bankers Trust") pursuant to a Purchase Agreement dated as of February 27, 1987 (the "Purchase Agreement") between Wells Fargo and Bankers Trust (as successor to BT Trust Company of California, National Association); and

WHEREAS, in connection with the sale of the Corporate Trust Business, the individual corporate trust accounts described in the Purchase Agreement were transferred from Wells Fargo to Bankers Trust, and Bankers Trust succeeded to Wells Fargo's position as trustee pursuant to such accounts, effective August 17, 1987, by operation of law in accordance with Section 2050 et seq. of the California Financial Code with the approval of the California State Banking Department; and

WHEREAS, certain of the corporate trust accounts transferred pursuant to the Purchase Agreement relate to arrangements entered into in connection with the lease

financing of certain units of railroad equipment (the "Railway Accounts"); and

WHEREAS, certain documents relating to the railroad equipment in these arrangements have been previously filed and recorded with the Interstate Commerce Commission ("ICC") in accordance with the provisions of Section 11303 of Title 49 of the United States Code; and

WHEREAS, Wells Fargo and Bankers Trust now desire to give notice to all persons of the assignment and transfer to Bankers Trust of the interest held by Wells Fargo in the Railway Accounts, and to make such assignment and transfer of interest enforceable against all such persons;


NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Wells Fargo does hereby assign and transfer to Bankers Trust and its successors and assigns, effective as of August 17, 1987, and Bankers Trust hereby accepts and assumes, all of the estates, properties, rights, powers, duties and trusts of Wells Fargo as Secured Party under that certain Security Agreement and Indenture of Trust dated as of July 1, 1978, recorded with the ICC on October 26, 1978 and assigned Recordation No. 9798, as amended by the First Amendment dated as of July 1, 1978, recorded with ICC on January 18, 1979 and assigned Recordation No. 9798-A, and as further amended and supplemented, such documents covering one hundred seventy-seven (177) 100-ton hopper cars bearing

Union Carbide Corporation, as lessee ("Lessee"), road numbers RAIX 57220-57396, inclusive, and two hundred forty-three (243) tank cars bearing Lessee road numbers RAIX 2359-2369, 2540-2575, 2701-2717, 3001-3009, 3401-3456, 6577-6650, 8025-8059, and 9149-9153, all inclusive; and

FURTHERMORE, Wells Fargo and Bankers Trust hereby agree that this Agreement should be recorded with the ICC in accordance with Section 11303 of Title 49 of the United States Code, and the regulations promulgated thereunder.

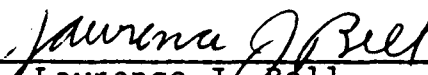
WELLS FARGO BANK,  
NATIONAL ASSOCIATION

[SEAL]

  
By: Jack W. Wetzels  
Title: Vice President

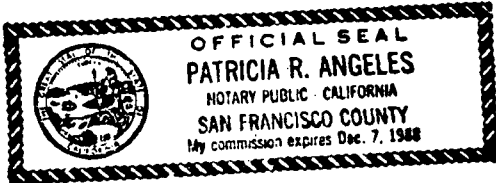
BANKERS TRUST COMPANY OF  
CALIFORNIA, NATIONAL ASSOCIATION

[SEAL]

  
By: Lawrence J. Bell  
Title: Assistant Vice President

State of California                    )  
  ) ss  
County of San Francisco            )

On this 9th day of March, 1988  
before me personally appeared Jack W. Wetzel to me personally known, who being by me duly sworn, says that he is the Vice President of Wells Fargo Bank, National Association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.



*Patricia R. Angeles*  
Notary Public

My Commission  
Expires on December 7, 1988



State of California                    )  
  )  ss  
County of San Francisco            )

On this 23rd day of February, <sup>1988 DJN</sup>~~1987~~

before me personally appeared Lawrence J. Bell, to me personally known, who being by me duly sworn, says that he is the Assistant Vice President of Bankers Trust Company of California, National Association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Daniel J. Nerney  
Notary Public

My Commission  
Expires on May 20, 1991

